

GOVERNMENT OF THE VIRGIN ISLANDS
OF THE UNITED STATES

PUBLIC SERVICES COMMISSION

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IN THE MATTER OF THE VIRGIN ISLANDS)
WATER AND POWER AUTHORITY PETITION)
FOR ELECTRIC SYSTEM RATE RELIEF) PSC DOCKET No. 678

PUBLIC HEARING

Before: KYE WALKER, ESQ., Hearing Examiner
Date: Tuesday, October 22, 2019
Location: Public Services Commission Conference Room
Legislature of the VI
St. John, Virgin Islands
Time: 5:38 p.m. - 6:38 p.m.

STAFF PRESENT:

Donald Cole, Executive Director
Tisean Hendricks, PSC
Lorna Nichols, Public Affairs Officer

REPORTED BY:

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PUBLIC HEARING - WAPA Base Rate, STJ

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HEARING EXAMINER: Good evening, again.

We are going to go ahead and get started with the public hearing.

We circulated a statement just outlining what the purpose of the public hearing is and what the role of the PSC and the hearing examiner is as well. So ultimately as part of the base rate case, we need to hear from the public as to the potential impact of any increased rates. So this is the opportunity, as well as the opportunity to provide written testimony up until October 25th for us to hear from ratepayers as to what their position is regarding the potential increase in base rates. So it seems like we have one testifier right now for tonight. So we'll just ask Ms. Gaffin to come up to the podium.

Good evening, Ms. Gaffin.

MS. GAFFIN: Good evening. How are you?

HEARING EXAMINER: Good. So this proceeding is being transcribed. So I am going to ask you to introduce yourself. Spell your -- your first name is Pam. Spell your last name and then share your verbal testimony with us.

1 MS. GAFFIN: And you can tell me to slow
2 down when I'm going fast.

3 Good evening. My name is Pam Gaffin.
4 That is G-a-f-f as in Frank, i-n. I am a St. John
5 resident and a bookkeeper. I am not a stranger to
6 PSC meetings. There was a spell back in 2011-ish
7 where I went over and over and over again and
8 discussed exactly the same issues about WAPA that
9 we are discussing again tonight. One of the
10 things I did during that period of time as a
11 professional accounting -- as an accounting
12 professional is I audited the financial statements
13 of WAPA that I got off of their website to see
14 what -- where the money was going, and I found
15 extraordinary things which I did give and turn
16 over to both the PSC and to senators to say why is
17 WAPA being allowed to do this. One of the things
18 was the 60 percent increase in general
19 administration cost, which is basically salaries
20 over the course of 2004 to 2009. For the same
21 time, there was an increase in distribution
22 expenses, increase of 30 percent, and interest
23 expenses increased by 35 percent. During this
24 same period of time, the actual amount of power
25 generated by WAPA went down by 10 percent. So, in

1 normal business environments where there is a
2 correlation between production and cost, this is
3 not the case with WAPA. The less they produce,
4 the more it cost. In 2009, looking at their
5 numbers, the amount that they collected in LEAC
6 charges exceeded by \$3 million the amount of money
7 that they actually paid for fuel in 2009. But
8 they were there asking for a rate increase because
9 they were broke.

10 Other things in their financial statements
11 show incredible accounting gymnastics, we'll call
12 them, involving calling one thing income and
13 leaving it off other income statements so the LEAC
14 that's charged for electricity shows up in income,
15 but the LEAC that is charged for water doesn't
16 show up as income, but the expenses for both of
17 the water and electric show up, so then they show
18 a loss, but if you included both LEACs, there
19 would be a profit.

20 I could not find the current financial
21 statements online. I don't know. They're
22 supposed to be made available to the public. They
23 don't seem to be available, but if you could find
24 them, I'll look through them and I will bring my
25 numbers up-to-date.

1 HEARING EXAMINER: Which is the most
2 recent statement that you have that you --

3 MS. GAFFIN: 2010.

4 HEARING EXAMINER: And you haven't been
5 able to pull up a financial statement?

6 MS. GAFFIN: I couldn't find any, but
7 again I have given up. It didn't make any
8 difference back then, so why would it make any
9 difference now.

10 The other thing I would like to say is
11 from WAPA's report in 2011, they made this
12 statement to the PSC, "The Authority shall acquire
13 the GE emergency generator and the Authority
14 affirms that the cost it will pay GE for the
15 22-megawatt emergency power trailer over an
16 18-month period will be less than the average
17 operating cost associated with the Authority's
18 existing power production, therefore, resulting in
19 a net positive profit benefit to consumers as
20 shown on Attachment 3. Attachment 3 shows that we
21 will save \$50 million by allowing GE to run the
22 generator."

23 At that meeting, I said, well, why don't
24 we just scrap all our generators and rent all our
25 generators from GE times five and we'll save

1 \$200 million. The answer was, well, what would we
2 do with our employees? And I said, let them work
3 for GE. So if they, in writing, can say that they
4 are that incompetent in generating power, that in
5 the course of 22-months for one generator, we
6 would save 50 million. I think somebody, and I
7 don't know that you guys have the authority
8 because you don't seem to have authority to do
9 much, somebody needs to say WAPA could no longer
10 continue to pretend to be a business when, in
11 fact, they do not know what they're doing. They
12 spend exorbitant amounts of money on salary. They
13 produce terrible power that impacts every
14 business. My restaurant clients have lost
15 thousands of dollars worth of food over the past
16 couple months with the power outages. They are
17 now paying more in WAPA bills than they do in
18 rent, which in Cruz Bay is saying a lot because
19 the rents are really high in Cruz Bay.

20 So the alternative is for everybody to get
21 their own generator, which means that WAPA is then
22 going to be in an even worse situation because
23 they're gonna have less clients paying the bill.

24 If my businesses spend more money than
25 they bring in, they go bankrupt. They don't get

1 to borrow and pay incredible quantities of
2 interest every year. They go out of business.
3 Why is WAPA being allowed to run in a totally
4 unbusinesslike manner when there are competent
5 utilities in the states that are running at a
6 profit and produce good electricity. So, I think
7 the real question here is not do they deserve
8 another rate increase. Look at what they're
9 charging us now. What are you gonna do, give them
10 more? We are still paying a line loss. I pay a
11 line loss fee every month. They have brand new
12 lines, courtesy of FEMA. What are they losing?
13 All of those factors that are on my bill, that's
14 regular cost of doing business. Why do they get a
15 separate line item for repairs? Why do they get a
16 separate line item for being incompetent? So I
17 don't know that you guys can actually do anything
18 about auditing them for real and not going based
19 on what they say for financial statements, but you
20 could hire me and I'll tell you.

21 HEARING EXAMINER: Let me ask you,
22 Gaffin, what's before the PSC right now is a
23 request from WAPA to increase its base rates by
24 about 6-cents per kilowatt hour. What is
25 projected by WAPA is that the proposed increase

1 would go in effect at the end of the year when
2 the lease generation surcharge expires, which is
3 the savings of about 3 percent, and then there is
4 an anticipated savings with regards to the LEAC
5 that are near 3 percent such that the proposed
6 base rate increase, according to WAPA, would
7 balance out with the savings such that there
8 shouldn't be any impact or no significant impact
9 to the monthly bills for its customers. Based on
10 that, what is your position on that?

11 MS. GAFFIN: It is voodoo economics
12 because once the base rate goes up, it will never
13 go down. All of those -- if you go back to
14 before 2005, there were only a couple line items
15 on your bill. All of those were included in the
16 base rate and they made a profit.

17 HEARING EXAMINER: The other thing that
18 WAPA is saying, and WAPA is here, so you could
19 correct me if I'm mistaken, what you're saying,
20 the other thing that WAPA is saying is that with
21 the disaster recovery dollars that they will be
22 receiving from HUD and FEMA, that they're able to
23 bring forth certain generation projects, which
24 would then result in lower rates. I think it is
25 about 2021, that's the estimated time. So, in

1 2021 with the dollars that are being made
2 available to WAPA from the federal government and
3 with these projects, some of which are about to
4 go out to bid, they anticipate bringing some
5 relief to the ratepayers in 2021, such that the
6 base rate -- I know you just called it voodoo
7 economics, and I don't question your ability to
8 audit their financial statements, but based on
9 the statement from WAPA, that the bill, the
10 actual cost to the ratepayers should not change
11 significantly, or substantially, and that there
12 is a projected reduction in rates in 2021 due to
13 these projects, does your position remain the
14 same?

15 MS. GAFFIN: This document from 2011
16 makes the same promises. Guess what happened?
17 We never had a rate reduction. The rates went
18 up. I can probably find another 20 documents
19 from WAPA that promises that if you give them
20 money, they're going to decrease the rates. It
21 has never happened, ever. So, why would you
22 believe, again, them telling you that the rates
23 are going to go down if you give them more money?
24 There is a history here. You give them rate
25 increases and they spend the money on something

1 else. We pay a fortune in LEAC and they don't
2 pay their full fuel bill. We have spent all this
3 money converting to propane and they don't pay
4 the distributor and we can't use it. Why should
5 we listen to anything these people are saying as
6 serious? I mean, you guys have got to be a
7 little bit, look past the advertisement and say
8 why -- they just said that they would save
9 \$50 million in 22 months by leasing a unit from
10 GE. Where did the 50 million go in 2012? Did
11 your bill go down? No. Did my bill go down?
12 No. There are other things that they list here
13 in this document of how they're going to save us
14 money over the next ten years for projects that
15 they're gonna install, and repairs that they're
16 gonna do, and maintenance that they're gonna do
17 that never got done.

18 HEARING EXAMINER: Got you. Okay. So is
19 there anything else that you wanted to add?
20 You're the only testifier, so we had a
21 five-minute limit, but since you're the only
22 person, feel free to continue.

23 MS. GAFFIN: Well, I mean, I just find it
24 astonishing that I don't know how all the
25 different line items came to be. Do your guys

1 okay each one of these new line items and not
2 consider that a rate increase?

3 MR. COLE: Yes. Once information is
4 presented to the Public Services Commission, the
5 commissioners basically have to look at what is
6 presented. The job of the Public Services
7 Commission is a balancing act where the
8 Commission cannot allow the utility to go
9 bankrupt, but we also cannot allow the utility to
10 gouge the customer. So that line is there. What
11 happens is what we call prudent cost. And if
12 they show in their presentation that in order to
13 keep the power on they need this particular
14 increase, then the Commission in doing that will
15 go along. If not, then we challenge and we go to
16 court, and the court would rule. If the evidence
17 is there to provide that information, you should
18 go along because they're not a for-profit entity.
19 They don't make a profit, but there is a cost in
20 producing the electricity.

21 MS. GAFFIN: But there's also somewhere
22 standards of quality of running a business that
23 seem to be lacking, and you are rewarding bad
24 business management by allowing them to endlessly
25 say, but we'll go bankrupt after they up their

1 salaries by 60 percent. I want to be able to do
2 that in my business. I want to raise my salary
3 until I bankrupt and then be able to borrow money
4 that the V.I. Government guarantees.

5 MR. COLE: Well, you're absolutely
6 correct in the fact that the court ruling states
7 that the only thing that the Public Services
8 Commission can do is set the rate. We don't have
9 the authority once that rate is set to direct the
10 utility to utilize the funding for what that rate
11 is set for.

12 MS. GAFFIN: So it's okay if they lied.

13 MR. COLE: Well, like I said, I don't
14 speak to the word lie. I'm saying the
15 information that's put together as set forth, we
16 look at that, we make a decision. The Commission
17 makes the decision on that. That's where the
18 Virgin Islands law says our legal authority ends.
19 After that, WAPA has a board. WAPA's management
20 makes the determination. The Public Services
21 Commission, all we do, based on the law and based
22 Judge Cabret's ruling, is set the rates.

23 MS. GAFFIN: So how do you go about
24 changing the law so you have a job that means
25 something?

1 MR. COLE: We have submitted the ruling
2 of the judge to the Legislature in legislation.
3 I served as a senator. I was there. I could not
4 convince my colleagues, I'm speaking personally,
5 that this Authority needs to be granted to the
6 Public Services Commission. It is before the
7 Legislature as we sit. Thus, that's a legal
8 issue as the judge's ruling says. The judge is
9 not going to say you do this or not. The
10 Legislature has the authority. That's the branch
11 of government that has the authority.

12 MS. GAFFIN: Could anybody fire WAPA?

13 HEARING EXAMINER: How do you mean?

14 MS. GAFFIN: That's it, you guys. You're
15 terrible. We're going to hire somebody else.

16 HEARING EXAMINER: I mean, that's a
17 decision -- I'll think of the best way to say
18 this. That is outside of my purview.

19 MS. GAFFIN: I'm not talking about you.
20 I'm saying, could somebody legally who could say,
21 no, WAPA, this is not working, the relationship,
22 we're getting a divorce?

23 HEARING EXAMINER: Ultimately the public
24 and the people of the Virgin Islands are decision
25 makers by simple virtue of voting for your

1 leaders. So I would assume that if you have that
2 position, that you would effect change through
3 your lawmakers.

4 MS. GAFFIN: Then you're saying that the
5 lawmakers have the ability to do this? A senator
6 could fire WAPA?

7 HEARING EXAMINER: A senator could craft
8 legislation. You also have governors, you have
9 different elected officials. So that's not
10 something that the PSC can do, and certainly --

11 MS. GAFFIN: No, no, I understand you
12 can't. I'm just trying to figure out who could.

13 HEARING EXAMINER: But just as in any
14 democracy, you have the ability to speak to your
15 elected officials. You have the ability to vote
16 for your elected officials. So when it comes to
17 decisions like those, that's really a part of a
18 democratic process. That's the best way I could
19 answer your question.

20 MS. GAFFIN: As with you, there are
21 limits to what you can do. There are limits to
22 what a senator can do, and I'm asking because I
23 don't know. Could a senator fire WAPA? Could a
24 governor fire WAPA?

25 HEARING EXAMINER: To my knowledge, and

1 again -- and I hate to be put in a position where
2 I feel like I'm giving legal advice, but I'll
3 speak from a government operations standpoint. A
4 senator can effect legislation through groups of
5 other senators. WAPA is also run by a board, a
6 board that's constituted by statute. So when
7 you're speaking about decisions like those which
8 would be outside of the purview of a base rate
9 case, you're speaking about the power of your
10 elected officials. So that's all I can really --
11 that's the best way I could respond to your
12 question.

13 MS. GAFFIN: Okay. I do want to mention
14 that, to me, however it comes through to be, that
15 a base rate that almost every utility has a base
16 rate that is assumed to include certain things.
17 Like you go to a restaurant and you order a
18 hamburger, you expect to get a hamburger. You
19 don't expect to get line items for the use of the
20 bathroom, their insurance bill, their cleaning
21 fees to keep the restaurant and their property
22 tax. I mean, you don't expect to see that on
23 your menu as line items for your hamburger.
24 There is a certain concept in business that you
25 have a rate that covers what it takes to do

1 business. When the fuel prices went crazy, they
2 said, we can't deal with this because the swings
3 are too wide, we need to separate this out, and
4 it's like okay, that makes sense, but how did we
5 end up with a self-insurance surcharge, and a
6 maintenance surcharge. Maintenance. Maintenance
7 is a part of every business. How does it get to
8 be a line item? Maintenance is now a separate
9 thing. The pilot surcharge is a separate line
10 item. Line loss. My incompetent running a
11 utility, I get to charge separate for. How does
12 this get to be? I mean, who decides that this is
13 a good way to run the business?

14 HEARING EXAMINER: The various
15 surcharges, to my understanding, are matters that
16 were petitioned for, reviewed by the PSC and
17 ultimately approved to some extent. The argument
18 can be made that what is reflected as surcharges
19 would be charged anyway if you didn't have
20 surcharges and would roll into a base rate. So
21 either way, at some point the utility would seek
22 to generate those revenues somehow through the
23 rates that it charges to the customers. So
24 whether you call it a surcharge or you lump
25 everything into a base rate, just because they're

1 identified as surcharges doesn't necessarily mean
2 that they would never have been included in a
3 rate somehow if those surcharges didn't exist.
4 So I hear your point, and what I hear from you,
5 Ms. Gaffin, is that there's a lack of trust in
6 the projections, and I guess for lack of a better
7 word, we'll call them promises that you believe
8 the Authority is making. So despite what the
9 Authority's position is in this specific base
10 rate case, based on your research and the history
11 that you have testified to this evening, based on
12 that, what I'm gathering from you, and correct me
13 if I'm wrong, is it that you don't believe the
14 statements that the Authority is making?

15 MS. GAFFIN: Absolutely.

16 HEARING EXAMINER: Okay. So I just
17 wanted to make sure I understood your position
18 correctly and I do.

19 MS. GAFFIN: Okay.

20 HEARING EXAMINER: All right, thank you.

21 MS. GAFFIN: Thank you.

22 HEARING EXAMINER: You're welcome.

23 MS. MONSANTO: Good evening.

24 HEARING EXAMINER: If you can just state
25 your name. Spell your first and last name as

1 well and then proceed with your testimony.

2 MS. MONSANTO: Good evening. My name is
3 Lorelei Monsanto, L-o-r-e-l-e-i M-o-n-s-a-n-t-o.
4 Truly, I was not going to testify this evening
5 but after hearing the conversation with Ms.
6 Gaffin, I felt that I should say something.
7 First of all, I would like to let you guys know I
8 think the reason that the turn out is so low is
9 that people are frustrated with the PSC and with
10 WAPA. This has been going on for at least 20
11 years back and forth on things that should be
12 happening with WAPA as Ms. Gaffin said. She and
13 I have been down to PSC. We've spent nights in
14 St. Thomas dealing with the PSC on these items.
15 In reading your documentation here that is going
16 before -- that you have here, what things have
17 WAPA put in place to show good faith in reference
18 to their management of this agency? We have
19 \$2.3 million that has gone to somebody's account.
20 I wish it was mine. There has been no answer to
21 that. We're talking about the PSC. You're the
22 only one that give a rate increase. You have
23 given rate increases upon rate increases. It's
24 time now to say, okay, what have you, the entity,
25 done to show good faith. That's a legal term,

1 and I know you all are aware of that. What have
2 they done to show good faith? Where is the
3 answer to the money? What are they putting in
4 place? Are they going to reapportion who gets
5 all these high salaries? Who answers for what?
6 Why do I need a person, a public relations
7 officer making almost a hundred thousand dollars?
8 Could that person become a contract employee?
9 And when they do a PSA, they get paid for that.
10 As the PSC entity, when you go and you're talking
11 and having negotiations with WAPA, what have they
12 done, or what are they saying they will do
13 besides giving us a pipe dream? What are they
14 doing now internally?

15 HEARING EXAMINER: So, I assume you're
16 directing your question to the PSC as to any
17 controls or anything that have been put in place
18 as to the operations of WAPA?

19 THE WITNESS: Correct, because you are
20 the entity that would either say yes or no to
21 this rate increase. If your job is just to say
22 yes or no, I suggest you say no.

23 HEARING EXAMINER: Just to be clear and
24 specific, I am the hearing examiner that is
25 appointed by the PSC to conduct the

1 investigation, and part of that investigation
2 includes taking testimony from the testifiers,
3 from members of the public as to the impact of
4 the rate on them. I can give the PSC the
5 opportunity or option of responding to the
6 question, but really, the purpose of the hearing
7 tonight is to receive information from you on
8 what WAPA has proposed is a 6 percent increase to
9 the base rates in the manner that I explained to
10 Ms. Gaffin with the anticipated reduction from
11 the leased generation surcharge, and from it,
12 also another anticipated decrease in the LEAC.
13 So, what I would hope to hear tonight from you or
14 from anyone is what is your position on WAPA's
15 petition for the increase in light of what it has
16 explained, that the bills will not change
17 substantially is the word that WAPA uses. Your
18 actual monthly bill, according to WAPA and what
19 WAPA is proposing, should have very little to no
20 effect on your monthly bill. So, in light of
21 that request from WAPA, what is your position or
22 what is your testimony?

23 THE WITNESS: My testimony would be that
24 the PSC not honor the rate increase because, me,
25 as a consumer, my daily cost-of-living is

1 phenomenal in the Virgin Islands. WAPA is on and
2 then it is off, then it's on and then it's off.
3 There's no consistency for the high rate of power
4 that they're charging us, even though they claim
5 there will be a decrease. It is phenomenal. No
6 one in this territory can withstand these rates.
7 You have families right now who could hardly pay
8 their WAPA bills. You have the elderly, even
9 though they may have assistance, who cannot pay
10 their WAPA bills. So sometimes it's better to
11 sit in the dark and use solar lights and go the
12 old fashion way that our forefathers lived by
13 than put up with what we have today.

14 HEARING EXAMINER: Let me ask you, are
15 you a residential ratepayer?

16 MS. MONSANTO: Residential, yes. Prior
17 to the storm, I was also a commercial ratepayer.
18 This PSC, yes, has rules and regulations,
19 however, they have to look out for public
20 services, which means I'm a public person. You
21 have to protect my interest as well, and we
22 cannot continue to feed, as my mother would say,
23 frog for snake. We have to change our way of
24 doing things. You're going to put people in the
25 dark. We live on tourism. All the high stake

1 hotels, villas, have turned to solar energy and
2 have gotten off the WAPA grid to provide
3 themselves their own subsidy and livelihood. You
4 are taxing the smaller people who don't have the
5 funds to get solar energy to subsidize WAPA. And
6 how much more will the little pockets take? They
7 can't. So, when WAPA tells us go and eat cake
8 and you have a revolution on your hand, what do
9 you do then? Because we're getting ready to go
10 into 2020, and we have the worst electrical
11 service almost in the world. We have third world
12 countries, they are doing much better than us.
13 They have solar. They have various mechanisms of
14 alternate power. Why in the Virgin Islands are
15 we stuck with this arbitrage? Why? To feed a
16 certain set of people. No. We have to start
17 thinking about the greater good.

18 You also have to think about the younger
19 people. We have our -- the Virgin Islands have
20 lost and is continuing to lose our brains, our
21 youth. We're not growing. The older folks are
22 here. That's because we are chasing them away.
23 WAPA is chasing them away. There are other
24 entities as well. We have to look at different
25 methods of getting power. We have to be more open

1 to having different methods of power generated.
2 Every roof in the territory should have some type
3 of solarized program that subsidize -- maybe WAPA
4 could subsidize it and make money from that. They
5 have to think about alternative ways to produce
6 power. We cannot, and we will not be able to
7 sustain ourselves with constant increases. No
8 matter what they say about you're going to get a
9 break here, there, we have never gotten a break.
10 So no one believes them. No one is here, because
11 the people are tired of it. And you're going to
12 press the wrong button and then we have something
13 else happen. So I thank you for the opportunity.
14 I hope that your report will provide something of
15 substance, but I do hope there will be no increase
16 until WAPA shows us in black and white how they
17 are making positive change to change how they
18 manage their agency. Thank you for your time.

19 HEARING EXAMINER: Thank you, Ms.

20 Monsanto. Is there anyone else who is here that
21 would like the opportunity to testify?

22 MR. MINKOFF: Good afternoon, Attorney
23 Walker. Good afternoon, Honorable Director Cole,
24 Desiree. First and full disclosure, my wife is
25 Lorna Nichols Minkoff who is the public affairs

1 officer for the Public Services Commission.

2 HEARING EXAMINER: I congratulate you for
3 that. You're a very lucky man.

4 MR. MINKOFF: I have not had this
5 discussion with her.

6 HEARING EXAMINER: I'm sure there will be
7 a discussion later, but that's okay.

8 MR. MINKOFF: I am sure over dinner.

9 HEARING EXAMINER: Go ahead and state
10 your name so that we could have it on the record.

11 MR. MINKOFF: My name is Roger B.
12 Minkoff. I have been here 43 years. Been in St.
13 Croix, 23 in St. Thomas, and I have three
14 businesses, Minkoff Associates Realtors, Office
15 of the Tax Reducer, I am a licensed tax
16 consultant, and the one that pretty much focuses
17 on my testimony tonight is EDC Consulting Group,
18 business in management consulting.

19 HEARING EXAMINER: Are the three
20 businesses all customers or --

21 MR. MINKOFF: Yes, as well as I am a
22 residential customer.

23 HEARING EXAMINER: You're looking at a
24 residential bill and three commercial --

25 MR. MINKOFF: One commercial bill because

1 we share an office.

2 HEARING EXAMINER: Got you.

3 MR. MINKOFF: One of my first concerns is
4 sustainable economic development, and I have
5 numerous potential clients, had more who have
6 backed away because of the electric rates.

7 One of the big areas of economic
8 development that is potentially going to help us
9 is called qualified opportunity zones, which is
10 federal legislation that was passed, signed by our
11 president and sponsored across the aisle by
12 Senator Tim Scott of South Carolina and Corey
13 Booker, and it has been in effect for a couple of
14 years. There are three general areas in the
15 Virgin Islands that had been designated qualified
16 opportunity zones. I won't go into the details.
17 The short of that is it's an opportunity for major
18 investment and properly structured where the
19 Virgin Islands will benefit dramatically both in
20 income and workforce development and improvement
21 of employment.

22 There are four areas that I'm personally
23 working on with clients that take a tremendous
24 amount of electricity, and one is cyber. We have
25 been termed Silicon Island. We have two hubs that

1 serve the rest of the world, and people are not
2 generally aware that a lot of the cyber that comes
3 from the states come through the Virgin Islands
4 through AT&T and a central link in St. Croix and
5 then service the rest of the world. Cyber takes a
6 tremendous amount of electricity with the kind of
7 things that are being explored.

8 Second, generally people are unaware of
9 the interest and the possibility of dry dock
10 facilities. There are virtually no dry dock
11 facilities around the world with availability of
12 berthing for building ships or retrofitting ships,
13 and the combination of a dry dock facility in the
14 Virgin Islands and the cyber capability molded
15 together would put us in a very unique position
16 for the building of mega-ships. And there are two
17 major cruise lines who were interested, as well as
18 there is a new report out by the federal
19 government on the lack of dry dock facilities for
20 the Navy, Coast Guard and other U.S. ships.

21 Third is manufacturing. Again, a
22 tremendous user of electricity.

23 And the fourth is health care. It was
24 mentioned that, and I understand legislation that
25 was put forth and held up by our Legislature, and

1 is still about to be renewed and in the process of
2 going through stages of renewal that may again be
3 held up for what reasons? Personally, I don't
4 think they have much to do with the legislation,
5 but the legislation would expand, and I think it
6 is necessary to expand the authority of the PSC so
7 that they have an oversight. And one of the
8 things that I think is necessary is that the PSC
9 be provided with complete transparency of federal
10 legislation and opportunities for electric moving
11 forward. I do look forward to the audit, that is
12 PSC of WAPA, which should be forthcoming in the
13 not to distant future, and I don't think until
14 that is forthcoming, certified and reviewed by the
15 PSC that any rate increase should be approved.

16 HEARING EXAMINER: Today, I believe the
17 Authority said that the audit should be ready by
18 Thursday.

19 MR. THOMAS: Yes.

20 MR. MINKOFF: Thank you for the date. I
21 look forward to that review. I understand that a
22 lot of it may be proprietary information but
23 certainly the PSC has the right to take a look at
24 that audit and make their comments.

25 One of the other things that I've looked

1 at is when we look at a base rate increase, my
2 understanding is so that there is financial
3 capability in the markets for funding of WAPA on
4 the basis of rate increase. And in the last
5 session I attended, the last meeting I attended of
6 the PSC at PSC headquarters at Wheatley Center, it
7 was my understanding that there was supposed to be
8 an offset of the LEAC against rate increase. When
9 I looked at that and I heard that, I said to
10 myself, self, the rate increase on the base rate
11 is permanent. The LEAC changes with the market.
12 So I don't think that that was a fair balance, and
13 I think that it needs to be looked at neutrally
14 exclusive. Thank you for the opportunity to
15 testify and I look forward to a fair as I expect
16 coming from the hearing examiner's recognition of
17 what the projected increase or non-increase would
18 be on the basis of the testimony that we're here.
19 Thank you.

20 HEARING EXAMINER: Thank you. Are there
21 any other individuals who would like to testify?

22 MS. DIGIACOMO: Good night, Ms. Walker
23 and members of the PSC. My name Leeanne
24 Digiacomio. I live on Giffit Hill.

25 HEARING EXAMINER: Could you spell both

1 first and last name?

2 MS. DIGIACOMO: LEEANNE is L-e-e-a-n-n-e,
3 all one word, DIGIACOMO is D-i-g-i-a-c-o-m-o. It
4 looks like DIGIACOMO. I was not intending to
5 speak tonight, and I rarely do speak at something
6 like this, but I wanted to say a couple of
7 things. One is the temporary increase that was
8 on the bill that would be relieved and then the
9 net would not be an overall increase. People
10 were thinking that was temporary and not that it
11 would be replaced with a rate increase. Also,
12 WAPA does not deliver a quality and reliable
13 product that would be worth paying more for. In
14 my home, I have strategies. I have, first of
15 all, a WAPA cabinet, and it has in it
16 flashlights. We have flashlights at our bedside,
17 flashlights in there. We have water sticks so we
18 could drink water. I have an empty detergent
19 bottle that we can fill and put on the side from
20 swimming pool water to use as a hand washing
21 station. I oftentimes have a bucket. Since WAPA
22 have been having frequent outages, I keep a
23 bucket full of water with a towel on top of it to
24 keep the mosquitoes away so that we could flush
25 the toilets when water goes out, because we have

1 a water pump to pump the cistern water and flash
2 the toilets. I also have two bottles of water in
3 the freezer, and when WAPA goes out, we move one
4 frozen bottle to the refrigerator and keep the
5 other and then we try not to open the
6 refrigerator. None of my stateside relatives
7 live like this.

8 I also keep a jar of water in the freezer.
9 I freeze the jar full of water and put a quarter
10 on top. If I need to be away say stateside
11 visiting relatives and I come home and the quarter
12 has sunk, I know that the power has been out long
13 enough that I have to dispose of the fruits. So,
14 who lives like this? We do. We are fortunate in
15 our family, actually, to come from a place that's
16 privileged in that we have solar panels and we
17 were able to put solar panels on our new home.
18 Our old home blew away in Irma. So we did rebuild
19 and put solar panels, but unless you have battery
20 backup, it doesn't matter. You're still relying
21 on WAPA. So here I am with the panels on my roof
22 and I couldn't turn on the lights if WAPA fails
23 again. And I had -- and I also have superstition
24 in my house. For weeks now, I have not reset my
25 kitchen clocks, which is not showing on time

1 anyhow because of the irregularity of the kind of
2 power that we got from WAPA. So they never keep
3 the time right anyhow, but we have a surge
4 protector. Also the whole house has surge
5 protectors. So I haven't set the clocks and WAPA
6 hasn't gone out since I haven't set them. So,
7 that's my superstition. So, I' taking credit for
8 WAPA not going out for a few weeks now and I
9 promise you I won't set them. I'm going to leave
10 them off on the stove and the microwave.

11 HEARING EXAMINER: The territory thanks
12 you for that. If it goes out, I'm going to know
13 exactly when you reset your clock.

14 MS. DIGIACOMO: I took a risk yesterday
15 baking cookies because the last time I baked
16 cookies, WAPA went out for like six hours that
17 day and so I hadn't baked cookies for all that
18 time. I'm a little superstitious. So the other
19 thing I wanted to say about the rate increase, at
20 least publicly, I don't know what reports you
21 get, but I never hear WAPA talk in terms of how
22 they can relieve or help the people who cannot
23 afford their WAPA bills.

24 When we first moved here in 2014 and we
25 put solar panels on in part for the environment,

1 but the other part, the WAPA was so expensive that
2 we could pay for it in three years. So that made
3 sense for us, and we were fortunate to be able to
4 do that, but we also ran a surplus. And so we had
5 about \$1200 credit at the end of the year, which
6 WAPA does not write you a check for, and I
7 understand that, sort of. Not totally, because we
8 are generating power that WAPA was able to
9 distribute. But I would like to see that money go
10 into a fund, at least, to help my neighbors or
11 somebody down the road whose power is being turned
12 off. So I think that WAPA should talk also in
13 terms of when they ask for a rate increase is how
14 they're going to help people who cannot afford to
15 pay these high rates.

16 And I also feel one more point, that when
17 the government does not pay their WAPA bill and
18 WAPA comes to the PSC and asks for a rate increase
19 from the residential and commercial people in the
20 Virgin Islands, then they're being asked to
21 subsidize the government, and it goes around in a
22 circle, or doesn't go around in a circle, the
23 government doesn't pay their bill, WAPA runs
24 short, WAPA comes and asks the people, and you
25 know, that doesn't make sense.

1 HEARING EXAMINER: There was testimony
2 today that the current administration actually
3 paid.

4 MS. DIGIACOMO: \$34 million.

5 HEARING EXAMINER: Right, and paid the
6 bills that were outstanding for various
7 government entities. So apparently that has been
8 --

9 MS. DIGIACOMO: It was long outstanding.
10 So while we were paying our bills to make sure
11 that WAPA had their money, the government wasn't
12 paying. So --

13 HEARING EXAMINER: Understood.

14 MS. DIGIACOMO: Feels like a subsidy. So
15 for those reasons and the reason Ms. Gaffin
16 recommended that there are some safeguards at
17 least, people tell you WAPA tells you how we're
18 going to spend the money and how we're going
19 to -- and more than the promises, say when you
20 make a mediated agreement, for example, you put
21 some teeth in it. So if I were to sue you for
22 \$10,000 and just on the courthouse steps, you
23 say, you know what, if you could pay me by
24 December, I will take \$6,000, but if you don't
25 pay me by December, then we're going to have the

1 full amount of \$10,000, and we're going to have
2 it at the statutory rate of 8 percent per annum
3 that we pay, and that gives some teeth. So if
4 WAPA were asked to perform, and I don't know if
5 it's in the legislation for the PSC to do it, but
6 to say if you do these ten things, these
7 safeguards, these generally accepted accounting
8 practices then you can continue with the rate
9 increase, you stop doing that, we take it back.
10 So if something like that, a deal were made
11 something like that, then WAPA would have an
12 incentive. WAPA apparently needs an incentive
13 like a child in your home who has already. As
14 Maya Angelou would say about anybody that show
15 you who they are, believe them.

16 HEARING EXAMINER: Thank you.

17 MS. DIGIACOMO: Good night.

18 HEARING EXAMINER: Do we have any other
19 individuals to testify?

20 MS. SWAN: Hi. This is actually my first
21 time testifying. I'd always seen people come
22 here. It is going to be very short because I am
23 nervous.

24 HEARING EXAMINER: Sure. Please state
25 your name first and last name.

1 MS. SWAN: My name is Cynthia Swan,
2 S-w-a-n, and I was born and raised on St. John.
3 I left for college and came back about six years
4 ago. So I've been with WAPA for my whole life.
5 I just wanted to say I really appreciate what
6 Lorelei says, a lot of young kids are not moving
7 back home and we are losing that younger
8 generation. And then when you do increase rates,
9 what that's doing is not helping our senior
10 citizens who have properties that they do have to
11 pay more, and no one is coming back to help them
12 do that. It's happened to a lot of land owners
13 that I have rented from, and not a lot of people
14 want to move back and live with their parents
15 because that's basically what they can afford
16 here. But I feel like if you give them a rate
17 increase, that you're not giving WAPA a helping
18 hand. What you're actually doing is hurting the
19 people who can't afford that type of bill. And
20 I'm not saying myself or anyone else but for the
21 people who can't afford buying solar panels or
22 coming with alternative means, those people will
23 always be fine. They won't be able to live on
24 St. John for however long they can, but if they
25 keep on increasing the rates, the people that

1 need help with this will never get the help and
2 the rates will keep on increasing, and I think
3 that's the people I would like to hear from
4 tonight. But that's it. That's all I have to
5 say.

6 HEARING EXAMINER: Thank you. Any other
7 testifiers?

8 MS. GAFFIN: As the hearing examiner, I'm
9 not sure how extensive your duties are. I mean,
10 how far you can search into things, but I would
11 encourage you to consider that if WAPA is the one
12 providing you the audited financial statement,
13 that that is a biased view point, and that if you
14 wanted an unbiased view point, you would hire the
15 auditor and take the financial statements and do
16 your own audit.

17 Also I want to just bring up the fact that
18 we're talking about an increase to a rate that's
19 astronomical when compared with all of our
20 neighboring islands. Somehow, and I understand
21 that we're an island that increases cost, it
22 increases all kinds of things, but somehow the
23 BVI, which is also an island which has even fewer
24 ratepayers, generates electricity for a lot less
25 money per kilowatt hour.

1 I'm reading Clarence Payne's figures that
2 says the base rate of 22-cents is higher than the
3 entire bill for residents of Antigua, which is
4 15-cents per kilowatt, and that's the base rate of
5 22, not the total of 43. Grenada is 19-cents.
6 Nevis is 19-cents. BVI is 23-cents per kilowatt,
7 and they have underground utilities that they
8 manage to pay for as well. So, we're up at
9 43-cents, but if you go not even a mile across the
10 water, they are at 23-cents. They have to pay
11 Customs and duty on U.S. fuel. So their fuel cost
12 ought be even higher than ours. They can do it
13 for half of what WAPA is charging us. Perhaps
14 somebody needs to investigate what the BVI is
15 doing right, or Antigua, or Nevis, or any of
16 these, and then compare that to what WAPA is doing
17 and say, no, not only do we not want to give you a
18 rate increase, we're going to give you a rate
19 decrease because you need to take steps to reduce
20 your cost. And one of the things that hasn't been
21 mentioned tonight is that the alternative to
22 raising rates is to making changes in how you run
23 your business to reduce cost, and I do this with
24 my clients all the time. I look at the numbers
25 and say, ehm, look at that, operating cost, the

1 food cost skyrocketed in your restaurant. We
2 don't just go and say let's raise the price of the
3 hamburger. We say something is wrong. Where is
4 the waste? What's happened? Why is my food cost
5 so high? And we go find that WAPA turned off the
6 electricity and then we had to throw out all the
7 meat. Okay, that's one reason. Maybe there is
8 theft. Maybe there's waste. They're cooking too
9 much. Maybe there is all kinds of investigative
10 techniques to find out how come your costs are too
11 high, and that's part of running a business well.
12 But these are also businesses that cannot just say
13 give me more money and get it, but I'd like to ask
14 you if you would. Can I send my businesses to you
15 guys and say give us a rate increase and you say,
16 yes?

17 HEARING EXAMINER: I imagine that that's
18 something you would not be able to do.

19 MS. GAFFIN: Anyway, so I don't know what
20 your powers are but I would say -- suggest that
21 possibly looking at the financial statements of
22 the BVI utility would be an interesting
23 comparison to the audited financial statement of
24 WAPA and see line item. Compare. I'll help you
25 do it.

1 HEARING EXAMINER: Thank you. Do we have
2 any other testifiers this evening? I think
3 that's it, then. I am going to go ahead and
4 close the record for this public hearing since we
5 do not have any other additional testifiers. I
6 want to thank all the testifiers that came out.
7 Some of you mentioned this was your first time
8 testifying, so that was pretty exciting, I'm
9 sure, but thank you for coming out. Thank you
10 for taking the time to provide your position
11 regarding the base rate increase that's been
12 requested by WAPA. Your testimony will be a part
13 of the record, and it will be considered by
14 myself in my report and recommendations and
15 ultimately by the PSC who will decide -- make the
16 ultimate decision as the request for the rate
17 increase rate.

18 You had a question, Ms. Swan?

19 MS. SWAN: Did you say we can e-mail you
20 as well with our concerns?

21 HEARING EXAMINER: There is an e-mail
22 address for the PSC.

23 MS. HENDRICKS: Good evening. It is
24 actually my e-mail address. It's gonna be my
25 first name, T-i-s-e-a-n, Hendricks,

1 H-e-n-d-r-i-c-k-s, PSC dot v-i dot gov.

2 HEARING EXAMINER: You have until
3 5:00 p.m. on Friday, October 25th. So that's
4 when I will close the record on the public
5 testimony. So, if you have additional thoughts
6 or if there are any other individuals that you
7 know about who couldn't make it tonight or maybe
8 doesn't feel comfortable speaking publicly, they
9 could certainly e-mail written testimony to Ms.
10 Hendricks. It also can be hand-delivered to our
11 office or faxed. Our fax number is (340)
12 774-4971. At the office, you can deliver to the
13 St. John office that's downstairs or office
14 located in St. Thomas in Barbel Plaza.

15 So thank you, everyone, for coming out.

16 [Public Hearing adjourned at 6:38 p.m.]

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REPORTER'S CERTIFICATE

I, Desiree D. Hill, Registered Merit Reporter, do hereby certify that the above-named meeting was taken by me by machine shorthand and represents the official transcript of said meeting; and that said transcription is true and correct.

In witness whereof, I have hereunto subscribed my hand.

Desiree D. Hill, RMR